Financial Statements

Multiplus S.A.

December 31, 2017
with Independent Auditor's Report

MANAGEMENT DISCUSSION

The fourth quarter of 2017 was a period of growth for Multiplus, with gross billings of R$ 605.4 million is worth mentioning, an increase of 11.9% compared to the same prior-year period, and net revenue of R$ 571.6 million, up 4.4% vis-à-vis 4Q16. The number of points issued was up 15.7%, reaching 23.3 billion, hitting a record 28.3% of accruals from sources other than airlines and financial institutions. The number of points redeemed amounted to 19.1 billion, an increase of 6.4% on 4Q16, with 20.6% for products from our retail partners.

In 2017, Multiplus kept its leadership in the Brazilian loyalty market, with gross billings of R$ 2.45 billi on, up 4.3% compared to 2016, with a member base of 19.4 million. In the year 92.0 billion points were issued, up 14.0% compared to 2016, while 75.7 billion points were redeemed, an increase of 9.7% compared to the previous year

Throughout 2017, Multiplus developed a number of initiatives in line with our strategic plan to be the best and most complete loyalty network, focusing on our members. These initiatives primarily included:

- Launching of Multiplus Itaucard creditcard: with this new product, Multiplus has become present in members' day-to-day lives, with a product that includes differentials such as 2.5 points for every dollar spent, points that do not expire and a regular platform of promotions and benefits, which during the year introduced initiatives such as, among others, higher point scoring for international purchases for variations on the Black and Platinum echelons and a 50% point bonus on the invoices re. November 2017.

- Partnerships to be highlighted: Vivo, in an agreement with Multiplus, was the first loyalty network to award points to fixed-line and mobile clients; B2W (Americanas.com, Submarino and Shoptime), so increasing opportunities for accrued points with major retailers; Airbnb, a pioneering partnership in Brazil; Cabify: our members are already earning points using this mobile app.

- Expansion to Multiplus' insurance portfolio: Multiplus' insurance brokerage, which was the first loyalty network to award points when taking out insurance, completed one year with a growth of 188% on 4Q17 . Multiplus' members, in addition to motor, residential, travel and life insurance, can also take out online insurance for civil liability, individual micro-insurance and guarantees for used products.

- New Marketplace version: In September, with the objective of diversifying and encouraging its members to accrue points, the Multiplus group improved its members' experience with the *Comprei Pontuei* [buy and score] marketplace. Among the improvements introduced was that whoever acquires products from the partners of *Comprei Pontuei* will now know, at the time of purchase, the number of points that will be accrued and the date they will be credited to them.

- Reformulation of the hotel platform: In October Multiplus put its new hotel reservation platform on the air, in partnership with Hotéis.com, expanding its portfolio of hotels and hostels, improving members' navigation experience and allowing payment in up to 12 instalments. As a result of the new platform and other partnerships in the hotel and accommodation sector, offering options to a large variety of profiles, Multiplus ended 2017 with more than 900,000 nights sold, and a 184.2% increase in the partnerships and products available in the area of tourism and entertainment

- International Expansion: Putting into practice the announcement on international expansion made in September, Multiplus began its operations in Paraguay, assuming the co-branded credit card operation of the LATAM Brazil group with Itaú.

- A better airline experience: From the second quarter of 2018, Multiplus will have access to 100% of routes on LATAM Airlines. In other words, our members will be able to redeem points for 100% of the seats available on all flights of LATAM, Latin America's largest aviation network, with direct flights to those destinations most coveted by Brazilians, and new routes such as to Lisbon, Rome, Israel and Melbourne.

We are happy with the results reported at the end of 2017 and we believe that they represent the response of our members and partnerships to the value proposition we have extended to everyone. And, principally, with what we have built taking into consideration our members' wishes, whether with respect to new partnerships, or offers to accrue and redeem points for some of the most coveted retail products, as well as for flights by way of Latin America's largest aviation network, LATAM. This is indeed evidenced by the growth seen in our membership base and the increasing engagement of our members.

Multiplus S.A.

Annual financial statements

December 31, 2017

Contents

A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers of
Multiplus S.A.
Barueri - SP

Opinion

We have audited the financial statements of Multiplus S.A. ("Company"), which comprise the statement of financial position as at December 31, 2017 and the statements of profit or loss, of comprehensive income (loss), of changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting practices.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Multiplus S.A. as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International standards on auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements provided for in the Code of Ethics for Professional Accountants and in the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to support our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of financial statements" section, including those relating to these key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our procedures, including those performed to address the matters below, provide the basis for our audit opinion on the Company's financial statements.

Transactions with related parties

The Company and its subsidiaries carry out transactions with related parties of different nature, which mainly include operating contracts that establish benefits and redemption of points by members of the program under Multiplus Network, the conditions for the commercialization of points redemption rights, the purchase and sale of airline tickets, commitments to advance purchase and sale of airline tickets, use of databases, management of the LATAM Travel program and its respective compensation arrangements, shared services and information technology. The significant transactions, balances and contractual conditions in this connection are disclosed in Note 8.

This matter was considered one of the key audit matters due to the possibility that these transactions may be agreed or recorded at inappropriate amounts, not on an accrual basis, with gross margins other than those considered usual by the market or not approved by the Company's governance bodies, particularly as regards the commercialization of points redemption and purchase and sale of airline tickets.

How our audit conducted this matter

Our auditing procedures to confirm the appropriate recording and control of these transactions included, among others: (i) evaluating the Company's related-party transactions policy and its application on the main transactions carried out in the year; (ii) examining supporting documentation for material transactions relating to gross revenue from points redemption, breakage revenue, cost of points redemption, including inspection of contracts and calculations prepared by management; (iii) checking approval of the transactions by the Board of Directors, in accordance with the policy established by the Company; and (iv) performance of a procedure for sending confirmation letters to the counterparties of the transactions on the balances and contracts in force for the year ended December 31, 2017.

Based on the results of our auditing procedures, which are consistent with management's assessment, we consider the Company's accounting policies related to the recording of transactions between related parties as well as the information included in the financial statements taken as a whole to be acceptable.

Deferred sales

Deferred sales from the loyalty program is recorded based on the number of outstanding points, i.e. points acquired by partners, but not yet redeemed by the end user. Whilst awaiting redemption (use of those points by the end user), amounts are held in liabilities and only recognized in income, as revenue, on effective redemption of the points (exchange of points for airfares, products or services) or by the expiry of those points.

Due to the significance of the group of accounts and risks in the misrecognition of deferred sales, that is, incorrect or incomplete overstatement or disclosure, the Company is required to maintain automated controls and constant monitoring of all transactions carried out under its information system control, as well as variations and changes from the pricing process and the volumetry of the points generated and distributed.

Based on the aspects described above and the relevance of the amounts and balances submitte by the Company, our audit classified this as a key audit matter.

How our audit conducted this matter

Our audit procedures included, among other items: (i) an assessment of the adequacy of the accounting policies for the Company's revenue recognition; (ii) inspection and analysis of agreements, based on sampling and the fair value calculation of points sold; (iii) test of the effectiveness of the controls implemented by the Company on the revenue recognition procedure; (iv) testing, based on sampling and with the involvement of IT specialists of the accumulation of points, redemption of points, transfers, donations, aging list control to identify expired points, as well as change of the expiry term initially set; and (v) sending balance confirmation letters to the main partners to assess the adequacy of the points sale balance, recorded billing and revenue accrual period recognized. We also assessed the accuracy of the disclosure of deferred sales and revenue from the sale of points included in accompanying Notes 13 and 16, respectively.

Based on the results of our auditing procedures, which are consistent with management’s assessment, we consider the Company’s accounting policies related to the recording of deferred sales as well as the information included in the financial statements taken as a whole to be acceptable.

<u>Breakage revenue provision</u>

Breakage revenue is revenue stemming from accumulated points not redeemed in a 24-month period as from the accumulation date. The Company estimates and records deferred sales from breakage based on the application of historical rates for unredeemed points over total points sold. The recognition of this revenue takes into account statistical calculations based on redemption curves already carried out as well as estimated redemption.

Given the relevance of amounts involved and the complexity of this statistical calculation, controls, analysis and timely review of the historical data that define the estimates required for determining and recording breakage revenues, the monitoring of this matter was considered significant for our audit.

How our audit conducted this matter

Our audit procedures in order to confirm the proper recognition of this revenue included, among other items: (i) an assessment of the adequacy of the accounting policies for the Company's revenue recognition; (ii) analysis of agreements, based on sampling, their fair value calculation and clauses that establish expiry of points; (iii) testing adequacy of Company controls over the point expiry date, record of expired points and the pace of point redemption in revenue recognition; (iv) involvement of specialists in the review of estimate calculations, regression analysis and projections for that revenue (v) analysis of the reviews of assumptions and estimates (vi) testing, based on sampling, of the expired points before and after year end to assess the accuracy of the recorded revenue as well as if the revenue was recognized in the correct period (vii) assessment of proper disclosure in Note 16.1.

Based on the results of audit procedures performed on the breakage revenue provision, which are consistent with management’s assessment, we understand that the assumptions and criteria used by the Company’s management as to recognition of referred to revenues, as well as the respective disclosures in Note 16.1 are acceptable in regard to the financial statements taken as a whole.

Other matters

Restatement of corresponding figures

As mentioned in Note 5, as a result of the reclassification adjustments mentioned in the aforementioned Note, the figures corresponding to the previous year, presented for comparison purposes, were adjusted and are restated as provided for in CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion is not modified in respect of this matter.”

Statement of Value Added

The statement of value added for the year ended December 31, 2017, prepared under the responsibility of Company’s management and presented as supplementary information for IFRS purposes, was submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purpose of forming our opinion, we evaluate whether this statement is reconciled with the financial statements and accounting records, as applicable, and whether its form and content are in accordance with the criteria set forth in Accounting Pronouncement CPC 09 - Statement of Value Added. In our opinion, this statement of value added has been properly prepared, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and is consistent with the overall financial statements.

Other information accompanying the financial statements and the auditor’s report

The Company management is responsible for such other information, including the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is significantly inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise seems to contain material misstatements. If, based on our work, we conclude that there are material misstatements in the Management Report, we are required to communicate this matter. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the overall individual and consolidated financial statements are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect material misstatements when they exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and International standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, of the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we are required to determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 07, 2018.

ERNST & YOUNG
Auditores Independentes S/S
CRC- 2SP034519/O-6

Sergio Citeroni
Accountant CRC-1SP170.652/O-1

Multiplus S.A

Statement of financial position
December 31, 2017 and 2016
(In thousands of reais)

	December 31, 2017	December 31, 2016
Assets		
Cash and cash equivalent	**969**	1,196
Short-term investments (Note 6)	**1,322,185**	1,459,813
Accounts receivable (Note 7)	**237,709**	177,360
Taxes recoverable (Note 9)	**50,188**	8,759
Advances to suppliers	**6,833**	502
Other accounts receivable	**-**	921
Total current assets	**1,617,884**	1,648,551
Noncurrent assets		
Long-term receivables		
Judicial deposits	**316**	15
	316	15
Investments (Note 10)	**1,142**	101
Property and equipment	**7,907**	13,724
Intangible assets (Note 11)	**94,251**	89,055
Total noncurrent assets	**103,616**	102,895
Total assets	**1,721,500**	1,751,446

Multiplus S.A.

Statements of financial position
December 31, 2017 and 2016
(In thousands of reais)

	December 31, 2017	December 31, 2016
Liabilities and equity		**(Restated)**
Accounts payable (Note 12)	**238,692**	173,955
Salaries and social charges	**22,107**	20,757
Taxes, rates and contributions	**312**	257
Deferred sales (Note 13)	**1,179,897**	1,277,917
Advances from customers	**27,066**	7,124
Total current liabilities	**1,468,074**	1,480,010
Noncurrent liabilities		
Contingencies	**1,219**	1,134
Deferred income and social contribution taxes (Note 9)	**12,450**	14,203
Total noncurrent liabilities	**13,669**	15,337
Equity		
Capital (Note 14)	**107,300**	107,300
Treasury shares (Note 14)	**(4,096)**	(8,060)
Share issued cost	**(23,322)**	(23,322)
Share-based payments (Note 14)	**22,666**	22,472
Retained earnings	**137,209**	157,709
Total equity	**239,757**	256,099
Total liabilities and equity	**1,721,500**	1,751,446

See accompanying notes.

Multiplus S.A

Statements of profit or loss
Years ended as of December 31, 2017 and 2016
(In thousands of reais)

	2017	**2016 (Restated)**
Net sales (Note 16)	**2,309,768**	2,199,284
Cost of services and redemption of points (Note 17)	**(1,562,483)**	(1,460,861)
Gross profit	**747,285**	738,423
Selling expenses (Note 17)	**(41,193)**	(49,083)
General and administrative expenses (Note 17)	**(154,530)**	(127,295)
Other income	**34,178**	-
Equity pickup (Note 10)	**(3,049)**	(2,301)
Income before net financial income (expenses) and taxes	**582,691**	559,744
Finance income (Note 19)	**161,713**	198,745
Finance cost (Note 19)	**(34)**	(1,880)
Finance income/(cost)	**161,679**	196,865
Income before income and social contribution taxes	**744,370**	756,609
Income and social contribution taxes (Note 9)	**(227,174)**	(242,806)
Net income for the year	**517,196**	513,803
Earnings per share - R$		
Basic earnings per share - (Note 20)	3.1901	3.1729
Diluted earnings per share - (Note 20)	3.1888	3.1689

See accompanying notes.

Multiplus S.A

Statement of comprehensive income
Years ended as of December 31, 2017 and 2016
(In thousands of reais)

	2017	2016
Net income for the year	**517,196**	513,803
Other comprehensive income	**-**	-
Total comprehensive income	**517,196**	513,803

See accompanying notes.

Multiplus S.A.

Statement of changes in equity
Year ended as of December 31, 2017
(In thousands of reais)

	Capital	Share issued cost	Share-based payments	Retained earnings: Legal reserve	Retained earnings: Retained profit	Retained earnings: Retained earnings	Treasury share	Total
December 31, 2016	107,300	(23,322)	22,472	21,460	136,249	-	(8,060)	256,099
Net income for the year	-	-	-	-	-	517,196	-	517,196
?	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	517,196	-	517,196
Contributions and distribution								
Dividends and IOE paid as per BDM* at 02/23/2017	-	-	-	-	(136,100)	-	-	(136,100)
Dividends and IOE paid as per BDM* at 05/02/2017	-	-	-	-	-	(127,849)	-	(127,849)
Dividends and IOE paid as per BDM* at 08/03/2017	-	-	-	-	-	(119,509)	-	(119,509)
Dividends and IOE paid as per BDM* at 11/07/2017	-	-	-	-	-	(154,238)	-	(154,238)
Total of Dividends and IOE paid in the year (Note 14)	-	-	-	-	(136,100)	(401,596)	-	(537,696)
Share-based payments (Note 18)	-	-	1,915	-	-	-	-	1,915
Stock option and restricted stock plan redemption as approved at the SGM at 11/20/2013.	-	-	(218)	-	-	-	-	(218)
Stock option and restricted stock plan redemption as approved at the SGM at 02/13/2015.	-	-	(998)	-	-	-	-	(998)
Stock option and restricted stock plan redemption as approved at the SGM at 05/21/2014.	-	-	(505)	-	-	-	-	(505)
Stock option and restricted stock plan redemption (Note 14)	-	-	-	-	-	-	3,964	3,964
Retained earnings to be distributed	-	-	-	-	115,600	(115,600)	-	-
Total transactions with owners	-	-	194	-	(20,500)	(517,196)	3,964	(533,538)
December 31, 2017	107,300	(23,322)	22,666	21,460	115,749	-	(4,096)	239,757

* BDM: Board of Director's Meeting

See accompanying notes.

Multiplus S.A

Statement of changes in equity--Continued
Year ended as of December 31, 2016
(In thousands of reais)

				Retained earnings				
	Capital	Share issued cost	Share-based payments	Legal reserve	Retained profit	Retained earnings	Treasury share	Total
December 31, 2015	107,300	(23,322)	22,819	21,460	143,423	-	(10,902)	260,778
Net income for the year	-	-	-	-	-	513,803	-	513,803
Other comprehensive income								
Total comprehensive income	-	-	-	-	-	513,803	-	513,803
Contributions and distributions								
Dividends and IOE paid as per BDM* at 02/25/2016	-	-	-	-	(143,423)	-	-	(143,423)
Dividends and IOE paid as per BDM* at 05/04/2016	-	-	-	-	-	(120,690)	-	(120,690)
Dividends and IOE paid as per BDM* at 08/03/2016	-	-	-	-	-	(129,634)	-	(129,634)
Dividends and IOE paid as per BDM* at 11/03/2016	-	-	-	-	-	(127,231)	-	(127,231)
Total of Dividends and IOE paid in the year	-	-	-	-	(143,423)	(377,555)	-	(520,978)
Share-based payments	-	-	2,495	-	-	-	-	2,495
Stock option and restricted stock plan	-	-	(2,842)	-	-	-	2,842	-
Retained earnings	-	-	-	-	136,248	(136,248)	-	-
Total transactions with owners	-	-	(347)	-	(7,175)	(513,803)	2,842	(518,483)
December 31, 2016	107,300	(23,322)	22,472	21,460	136,249	-	(8,060)	256,099

* BDM: Board of Director's Meeting

See accompanying notes.

Multiplus S.A

Cash flow statement - indirect method
Years ended as of December 31, 2017 and 2016
(In thousands of reais)

	2017	2016
Cash flows from operating activities		
Net income for the year	**517,196**	513,803
Adjustments to reconcile net income to cash and cash equivalents		
Provision for profit sharing	**13,763**	13,347
Deferred income and social contribution taxes (Note 9)	**(1,753)**	20,534
, Depreciation and amortization (Note 17)	**27,719**	25,153
Disposal of property and equipment and intangible assets	**339**	5,522
Share-based payments	**194**	(347)
Provision for costs to be incurred	**4,030**	6,784
Allowance for doubtful accounts	**(1)**	(223)
Equity pickup (Note 10)	**3,049**	2,301
Income and social contribution taxes for the year (Note 9)	**228,927**	222,272
Foreign exchange loss	**(6)**	(296)
	793,457	808,850
Changes in assets and liabilities		
Short-term investments	**137,628**	29,061
Accounts receivable	**(60,343)**	(13,329)
Taxes recoverable	**(41,429)**	5,636
Advances to suppliers	**(6,331)**	1,002
Judicial deposits	**(301)**	11
Other accounts receivable	**921**	81
Accounts payable	**60,707**	19,005
Salaries and social charges	**(12,413)**	(16,017)
Federal taxes	**56**	(20,854)
Taxes, rates and contributions	**(46,033)**	(294)
Deferred sales	**(98,020)**	(72,550)
Advances from customers	**19,941**	7,124
Other accounts payable	**85**	(9,971)
Income and social contribution taxes paid	**(182,891)**	(201,418)
Net cash from operating activities	**565,034**	536,337
Cash flow from investing activities		
Acquisition of investments	**(4,090)**	(2,311)
Acquisition of property, plant and equipment	**(1,244)**	(2,589)
Acquisition of intangible assets (Note 11)	**(26,237)**	(14,682)
Proceeds from sale of property and equipment and intangible assets	**42**	-
Exercise of stock options and Restricted Shares Plan	**3,964**	2,842
Net cash from investing activities	**(27,565)**	(16,740)
Cash flow from financing activities		
Dividends paid (Note 14)	**(512,646)**	(495,337)
Interest on equity paid (Note 14)	**(25,050)**	(25,639)
Net cash used in financing activities	**(537,696)**	(520,976)
Decrease in cash and cash equivalents	**(227)**	(1,379)
Opening balance	**1,196**	2,575
Closing balance	**969**	1,196
Changes in cash and cash equivalents	**(227)**	(1,379)

See accompanying notes.

Multiplus S.A

Statement of value added
Years ended as of December 31, 2017 and 2016
(In thousands of reais)

	2017	2016 (Restated)
Revenue		
Sales of goods, products and services (Note 16)	**2,549,851**	2,423,723
Other income	**34,178**	-
Allowance for doubtful accounts (Note 7)	**-**	1
	2,584,029	2,423,724
Inputs acquired from third parties		
Cost of sales	**(1,716,433)**	(1,604,976)
Materials, energy, third-party services and other expenses	**(97,433)**	(75,579)
	(1,813,866)	(1,680,555)
Gross value added	**770,163**	743,169
Reductions		
Depreciation and amortization (Note 17)	**(27,719)**	(28,317)
Net value added produced	**742,444**	714,852
Value added received in transfer		
Equity pickup (Note 10)	**(3,049)**	(2,301)
Finance income (Note 19)	**169,633**	208,458
Total value added to be distributed	**909,028**	921,009
Personnel		
Direct remuneration, benefits and FGTS (Note 18)	**77,349**	75,891
Taxes, charges and contributions		
Federal	**312,507**	327,219
Debt remuneration		
Interest (Note 19)	**34**	1,880
Rentals	**1,942**	2,216
Equity remuneration		
Retained profits for the year	**517,196**	513,803
Value added distributed	**909,028**	921,009

See accompanying notes.

1. Operations

Multiplus S.A (Multiplus or Company) is a publicly traded company based in Barueri, São Paulo, on Alameda Xingu, 350, listed on the São Paulo Stock Exchange (Bovespa BM&F) under ticker "MPLU3".

The Company's stated business purpose under customer loyalty programs is, primarily: (i) the performance and management of programs (ii) sale of reward redemption rights, (iii) creation of data bases for individuals and corporate entities among other activities.

The issue of accounting information was authorized by Company management on March 7, 2018.

The main source of the Company's revenue stems from the issue of Multiplus points to business partners, including LATAM (LATAM Airlines), which, in turn, offers these points to its members so that these can be redeemed for rewards. In this context, the Company allows its members to accumulate Multiplus points on purchases and redeem the points for rewards through coalition partner programs.

The Company's business partners include leading companies from various business industries, such as gas stations, bookstores, credit card companies, banks, hotels, restaurants, supermarkets, among others. Unlike traditional individual loyalty programs, with a Multiplus account, members of business partner loyalty programs may decide to transfer points between the various programs that make up the Multiplus Network or concentrate points accumulated from different loyalty programs into a single Multiplus account.

2. Basis of preparation and summary of significant accounting practices

When applicable, the description of the accounting practices adopted by the Company shall be presented in the accompanying notes relating to items presented in these financial statements.

2.1. Statement of compliance

The financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise those included in corporate legislation and the pronouncements, guidance and instructions of Brazil's FASB (CPC), and approved by the Brazilian Securities and Exchange Commission (CVM) as well as in compliance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Management has stated that all significant information presented in its financial statements, and only that information, is evidenced and corresponds to that used by it in its management.

2. Basis of preparation and summary of significant accounting practices--Continued

2.2. Basis of preparation

These financial statements were prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by the Company management. Areas deemed significant which require a higher level of judgment include: recognition of sales, estimating the breakage revenue provision, deferred income and social contribution taxes, assessment of useful lives of intangible assets and allowance for doubtful accounts.

2.3. Functional and reporting currencies

These financial statements have been prepared using the Brazilian Real as the functional and reporting currency.

2.4. Financial instruments

Financial assets measured at fair value through P&L

These are presented in the statement of financial position at fair value with the corresponding gains and losses recognized in the statement of profit or loss. As of December 31, 2017 and 2016, financial assets are represented by short-term financial investments.

Accounts payable and receivable

These are non-derivative financial assets with fixed or determinable payments, but not traded in an active market. Company’s accounts payable and receivable comprise "accounts receivable", "other accounts receivable", "cash and cash equivalents", except for certain short-term investments which classify under the definition of financial assets measured at fair value through profit and loss and "trade accounts payable". After their initial measurement, these are recorded at amortized cost under the effective interest rate method, less impairment.

Impairment of financial assets

Impairment losses are recognized only if there is objective evidence of a decrease in recoverable value.

2. Basis of preparation and summary of significant accounting practices--Continued

2.4. Financial instruments--Continued

Impairment of financial assets --Continued

Losses are recognized in the statement of profit or loss and reflected in the provision account. When the Company considers that there is no reasonable expectation of recovery, the values are written off. Subsequent recoveries of amounts previously written off are reversed through P&L.

Derivative financial instruments and hedging activities

The Company did not enter into new derivative instrument agreements to the year ended December 31, 2017.

2.5. Investments

The Company's investments in its investees are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate or joint venture since the acquisition date.

The financial statements of the Company's investees are prepared for the same reporting year as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Company decided not to proceed with the consolidation process of its investees, since the revenues and expenses presented by Prismah and Pontus Corretora are immaterial as of December 31, 2017 and 2016. (See Note 10)

2.6. Provisions

The Company recognizes provisions for expenses or obligations if: (i) it has a present or constructive obligation resulting from past events; (ii) it is likely that an outflow of funds shall be required to settle the obligation; and (iii) its value can be reliably estimated.

2. Basis of preparation and summary of significant accounting practices--Continued

2.7. Segment reporting

The Company operates in the customer loyalty operational segment. Given the essentially fixed cost base of Multiplus operations, despite the fact that a decision-maker may assess the entire year presented by revenue at various levels, Multiplus performance is assessed as a whole, and it was concluded that there is only one operational segment.

3. Pronouncements issued, but not yet effective at December 31, 2017

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt suchstandards, if applicable, when they become effective.

IFRS 9 - Financial Instruments

IFRS 9 – Financial Instruments (CPC 48) substitutes IAS 39-Financial instruments: Recognition and Measurement and all prior drafts versions of IFRS 9. IFRS 9 brings together all three aspects of accounting for financial instruments for the project: classification/ measurement, impairment loss and hedge accounting. IFRS 9 shall enter into force as from January 1, 2018, with early adoption permitted. That standard is applicable to the Company's financial assets but in general the Company does not expect a significant impact on its statement of financial position or equity.

IFRS 15 - Revenue from Contracts with Customers:

IFRS 15- Revenue from contracts (CPC 47) with customers requires an entity to recognize the revenue amount reflecting the consideration that it expects to receive in exchange for goods and services transferred to a customer. The new standard shall substitute all the actual requirements for recognition of revenue in accordance standards in force. The new standard considers a model for the evaluation of impacts in five stages that should be applied to revenue originating from customer contracts. IFRS 15 enters into force as from January 1, 2018.

Preliminarily, the Company believes that the new standard will not significantly impact its current approach for recognizing its revenue.

In 2017, it was performed analysis of impacts brought by the new standard which indicates that the main modification will possibly be in the presentation of its statement of profit or loss, since the Company should be classified as agent. Due to that, the revenue from the redemptions will be recognized net of their respective costs.

3. Pronouncements issued, but not yet effective at December 31, 2017--Continued

IFRS 15 - Revenue from Contracts with Customers--Continued

If the accounting method change that the Company should be assigned as agent is confirmed, the changes described above will be subject to the full retrospective adoption approach model, from January 1, 2018 through December 31, 2018, where the Company will disclose information based upon the new standard, adjusting all comparative periods as required.

IFRS 16 Lease

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires that lessees account for all leases under a single model in the statement of financial position, similar to accounting for financial leases under IAS 17. The standard includes two exemptions for recognition for lessees of "low value" assets (for example, personal computers) and short-term leases (i.e., with lease term of 12 months or less). IFRS 16 is effective from January 1, 2017. Management does not expect that the adoption of the standard shall have a significant impact on the Company's financial statements or disclosures.

IFRS 2 - Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment (CPC 10) that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1st 2018, with early application permitted.

The Company is assessing the potential effects of the amendments on its financial statements.

(In thousands of reais, unless otherwise stated)

4. Risk management

4.1. Financial risk management

The Company is exposed to financial risks: market risk (including currency and interest rate risk), credit and liquidity risk. The definition of the rules for management of cash and financial risks is in accordance with the treasury policy approved by the Audit Committee, the finance area and related parties.

No hedging transactions were contracted or outstanding in the year ended December 31, 2017. The Company does not operate and trade derivative financial instruments for speculative purposes.

a. Market risks

Market risk analyses are made based on a measure of risk that quantifies the maximum expected potential economic loss under normal market conditions, given a particular time horizon and margin of confidence.

The Value at Risk (VaR) established for the Company's investments varies in accordance with the liquidity of financial assets used:

- For assets with 7 day liquidity the VaR is 0.10%; For assets with 6 month liquidity, VaR is 0.40%;

As of December 31, 2017, the VaR on assets with 7-day liquidity and 6-month liquidity were 0.0019% and 0.0168%, respectively.

a.1) Currency risk:

The risk to which the Company is exposed stems from sale of redemption right agreements and the cost of redemption which are linked to the US Dollar and are characterized by the possibility that future cash flows that are lower than that projected due to variations in the foreign exchange rate. However, this risk is monitored by management and its exposure is minimized by the net effect between the amounts received from sale of redemption rights and the redemption cost. The Company is exposed to assets recorded in foreign currency, as follows:

Assets	**2017**	**2016**
Short-term investments	123,684	108,660
Accounts receivable	1,325	878
	125,009	109,538
Total foreign exchange exposure R$	125,009	109,538
Total foreign exchange exposure US$	37,790	33,613
Exchange rate (R$/US$)	3.308	3.2588

(In thousands of reais, unless otherwise stated)

4. Risk management--Continued

4.1. Financial risk management--Continued

a. Market risks--Continued

a.1) Currency risk--Continued

i. Sensitivity analysis

The table below summarizes the financial instruments exposed to foreign currency variation sensitivity:

Parity - R$ x US$						
Item of exposure	**Risk factor**	**Current scenario**	**Scenario 1 25%**	**Scenario 2 50%**	**Scenario 3 -25%**	**Scenario 4 -50%**
Short-term investments (i)	Foreign exchange gains	123,684	153,129	182,574	122,026	122,026
Accounts receivable	Foreign exchange gains	1,325	1,656	1,988	994	663

(i) The short-term investments exposed to the foreign exchange variation are made through investment funds, with a defined loss limit and partial gains based on the foreign exchange variation in the year. As of December 31, 2017, such limit is totaling R$122,026 for the scenarios (-25% and -50%).

a.2) Interest rate risk

The Company's income is exposed to variations in interest rates and the impact on interest income generated by cash and short-term investment balances. The Company holds the greater part of its cash in financial investments linked to Interbank Deposit Certificates (CDIs).

i. Sensitivity analysis

The sensitivity analysis below sets out the impact of fluctuations in interest rates on the outstanding balance of financial instruments, considering four scenarios in the risk variable analyzed, two adverse scenarios (decrease of 25% and 50%) and two favorable scenarios (increase of 25% and 50%):

Item of exposure	**Risk factor**	**Current scenario**	**Scenario 1 25%**	**Scenario 2 50%**	**Scenario 3 -25%**	**Scenario 4 -50%**
Short-term investments (i)	Changes in CDI (6.89%) in the year	1,198,501	1,301,722	1,322,366	1,260,434	1,239,789

(i) Financial investments of portfolios 1 and 2 presented in the liquidity risk item (item c).

(In thousands of reais, unless otherwise stated)

4. **Risk management**--Continued

4.1. **Financial risk management**--Continued

a. Market risks--Continued

a.2) Interest rate risk--Continued

ii. Financial instruments

The balances of accounts payable and accounts receivable are stated at fair value and are not exposed to any particular risk variable.

b. Credit risk

The credit risk is related to cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions, as well as exposure to wholesale, retail and financial institution customer credit, including accounts receivable. Currently, Multiplus receivables are concentrated with financial institutions. The use of credit limits is monitored on a monthly basis.

The Company's levels of credit exposure are as follows:

- By rating:

Exposure	**Percentage of equity - %**
AAA	7.0
AA	49.6
A	4.0
BBB	0.0
BB	0.0
B	0.3
FGC guarantee	0.01
No classification	5.67
Government bonds	33.13

- Breakdown by category of assets:

Exposure (risk)	**Percentage of equity - %**
Fixed	16.02
SELIC	17.05
Interbank deposit certificates (CDI)	64.51
Cash	0.02
National Consumer Price Index (IPCA)	0.64
Units of funds	0.00

(In thousands of reais, unless otherwise stated)

4. Risk management--Continued

4.1. Financial risk management--Continued

b. Credit risk--Continued

- By type:

Exposure (MTM)	Percentage of equity - %
Fixed income government bond	33.13
Fixed income corporate bond	42.18
Credit right investment fund (FIDC)	1.79

- By product:

Exposure (MTM)	Percentage of equity - %
Cash	0.02
Repurchase agreements government bonds	14.39
Repurchase agreements with debentures	0.83
National Treasury Notes	1.62
Financial Treasury Bill	17.03
Financial Bills	34.74
NTN-F	0.01
CDB´s	6.48
DPGE	0.01
Debenture	18.48
FIDC	1.79
Promissory notes	1.16
Swap adjustments	0.14
CRI	0.01
CCB	0.63

c. Liquidity risk

Prudent management of liquidity risk involves: (i) maintaining sufficient cash and short-term investments to honor financial commitments, (ii) checking availability of funds by means of a suitable credit line amount, and (iii) ensuring the ability to close market positions.

(In thousands of reais, unless otherwise stated)

4. Risk management--Continued

4.1. Financial risk management--Continued

c. Credit risk--Continued

- By type--Continued:

The liquidity term for each of the financial investment portfolios is as follows:

Portfolios	Liquidity	December 31, 2017	December 31, 2016
Portfolio 1	Up to 7 days	817,087	973,147
Portfolio 2	Up to 6 months	381,414	362,324
Forex/ structured funds	Up to 12 months	123,684	117,767
Other investments	Up to 12 months	-	6,575
Total		**1,322,185**	**1,459,813**

The Company is highly dependent on LATAM and financial institutions which together represent nearly all of its billing and revenue. Any decrease in the sale of redemption rights for points with any of the major partners, for any reason, may have a significant adverse effect on the Company.

4.2. Commercial risk management

a. Risks related to redemption of points

The Company’s main operating cost is the acquisition of points from coalition partners and goods, for the delivery of rewards to network members. Part of the Company’s income stems from points accrued which are not redeemed by members and is known as breakage. A reduction in breakage is projected to the extent that the Company expands its network of business partnerships. The Company expects to neutralize the expected reduction of breakage through its pricing policy for the sale of the business partner redemption rights. If the points are not priced properly, or the volume of redemptions exceeds the Company's expectations, profitability may be affected.

b. Risk related to competition

The growth of the market in which the Company operates may increase competition partially diverting business that partners or members currently have with the Company, or may have in the future, including rewards acquired.

4. Risk management--Continued

4.2. Commercial risk management --Continued

b. Risk related to competition--Continued

The factors mitigating the increase in this risk are: (i) exclusivity clauses: agreements between Multiplus and coalition partners contain exclusivity clauses and an average duration of approximately 2 years, with emphasis on the operational agreement with LATAM, the validity of which is 15 years as from 2010, (ii) current competitors: the Company already competes with airline loyalty programs and other individual programs, particularly in the relationship with financial institutions and (iii) the positive effect on the market: the emergence of other loyalty programs that serve to spread and build awareness of the loyalty program concept by members, favoring the growth of the market as a whole.

4.3. Operational risk management

a. Technological risk

The Multiplus adopts cutting-edge technology in its systems and in its IT infrastructure updating those assets while seeking to minimize the exposure to risks caused by technological obsolescence. To do so, it continuously invests in renovation and IT upgrades, including hardware, software, processes and professionals, in addition to maintaining an active operational continuity plan that prevents the Company posting losses in the event of accidents.

b. Fraud risk

The Company adopted a stringent right of access and responsibilities policy for employees and partners. The segregation of duties, audit trails and cross-checking of information on its systems and business processes as well as safeguards are also methods used by the Company. These are continuously reviewed and updated.

c. Risk from processes

The Company’s complex technological operations means that the impact of changes to systems and processes represent a major risk to the business, and therefore, must be very well planned and executed. The Company adopts rigorous change management control which features production, approval and integration environments which are segregated and replicated. The Company also has strict documentation, approval, testing and acceptance procedures for systems and documentation.

(In thousands of reais, unless otherwise stated)

4. Risk management--Continued

The Company classifies its financial instruments measured at fair value using the following hierarchy of valuation techniques:

- Level 1: prices quoted (without adjustments) on active markets for identical assets or liabilities;Level 2: inputs different from prices traded in active markets, included in Level 1, which are used by the market for assets or liabilities directly or indirectly; and Level 3: techniques using data that have a significant effect on fair value recorded which are not based on observable market data.

The following table presents the company's financial instruments measured at fair value:

	December 31, 2017	
	Level 1	**Total**
Short-term investments		
Open ended investment fund	195,521	195,521
Exclusive investment funds	1,002,980	1,002,980
Foreign exchange/ structured funds	123,684	123,684
	1,322,185	1,322,185

	December 31, 2016	
	Level 1	**Total**
Short-term investments		
Open ended investment fund	410,520	410,520
Exclusive investment funds	924,951	924,951
Foreign exchange/ structured funds	117,767	117,767
Other investments	6,575	6,575
	1,459,813	1,459,813

(In thousands of reais, unless otherwise stated)

4. Risk management--Continued

The breakdown of financial instruments registered in the Company's statement of financial position as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Loans and receivables		
Cash and cash equivalents	**969**	1,196
Accounts receivable	**237,709**	177,360
	238,678	178,556
Assets measured at fair value through profit or loss		
Short-term investments	**1,322,185**	1,459,813
	1,322,185	1,459,813
Liabilities measured at amortized cost		
Accounts payable	**238,692**	173,955
	238,692	173,955

It is estimated that cash and cash equivalents, trade accounts receivable and payable are recorded at carrying amounts that approximate their fair market value given the short-term nature of the transactions undertaken.

4.5. Capital management

The Company manages its capital to ensure the continuity of its normal operating activities, while maximizing the return to all interested parties or those involved in its operations. The Company is not subject to any externally imposed capital requirements.

The Company holds the greater part of its cash in financial investments linked to Interbank Deposit Certificates (CDIs). Financial investments are held primarily in open ended, restricted or exclusive investment funds, which are under the discretionary management of third parties. The custody and administration of the funds vary in accordance with each example and in the case of restricted investment funds, are independent of managers. Furthermore, the funds are independently audited and are overseen by the CVM. The main features of the investment portfolio are as follows:

- Portfolio dynamics - managers can change the composition of the portfolio at any time, at their discretion, within the limits of the regulations of each fund. Accordingly, the sensitivity analysis for the assumptions in maintaining the current portfolio at December 31, 2017 may be jeopardized and may lead to incorrect conclusions.

(In thousands of reais, unless otherwise stated)

4. Risk management--Continued

4.5. Capital management--Continued

- Risk-control – fund regulations set limits for equity allocated by type of asset and issuer as well as establishing the transactions that are permitted and whether derivatives can be used to hedge spot positions. The Company, together with an independent consultant, evaluates the fund portfolio for which it is unit holder on a monthly basis to ensure it is in compliance with its treasury policy.

- Restrictions imposed by regulation - the exclusive and restricted fund regulations expressly prohibit any leveraging. In addition to the risk limits stated above, there are additional limits on allocation in asset classes with greater volatility.

Company management monitors capital based on the financial leverage ratio as follows:

	December 31, 2017	December 31, 2016
Total liabilities	1,481,743	1,495,347
(-) Deferred sales	(1,179,897)	(1,277,917)
Net debt (1)	301,486	217,430
Total equity	239,757	256,099
Total capital (2)	541,603	473,529
Financial leverage ratio - (1)/(2)	55.7%	45.9%

5. Reclassification for comparability purposes

For better comparability and in order to improve the quality of the accounting information, the Company made the following reclassifications in the balances as of December 31, 2016:

- Balance sheet - Deferred income taxes: in prior year, deferred taxes were presented as current liabilities. In order to improve the Company's disclosure, in 2017, deferred income taxes were reclassified to the group of Noncurrent liabilities in the amount of R$ 14,203;

- Statement of profit or loss - Amortization of software and IT expenses: in prior year, IT expenses and the amortization of certain software were presented in the general and administrative expenses group. In order to improve the Company’s disclosure, in 2017, amortization of software was reclassified to cost of services rendered by the Company, in the amount of R$ 13,597, which R$ 4,345 is related to amortization and R$ 9,252 is related to IT expenses;

- Statement of value added - Effect of adjustments on the statement of profit or loss: as a result of the reclassifications made by the Company in its statement of profit or loss for 2016, it was necessary to reclassify the amount of: (i) R$ 9,252 from materials, energy, services, third parties and others; and (ii) R$ 943 of the federal taxes.

(In thousands of reais, unless otherwise stated)

5. Reclassification for comparability purposes--Continued

5.1 Balance sheet - Liability

	December 31, 2016		
	Prior year	**Reclassification**	**Restated**
Liabilities and equity			
Current liabilities			
Accounts payable	173,955	-	173,955
Salaries and social charges	20,757	-	20,757
Taxes, rates and contributions	257	-	257
Deferred income and social contribution taxes	14,203	(14,203)	-
Deferred sales	1,277,917	-	1,277,917
Advances from customers	7,124	-	7,124
Total current liabilities	1,494,213	(14,203)	1,480,010
Noncurrent liabilities			
Contingencies	1,134	-	1,134
Deferred income and social contribution taxes	-	14,203	14,203
Total noncurrent liabilities	1,134	14,203	15,337
Equity			
Capital	107,300	-	107,300
Treasury shares	(8,060)	-	(8,060)
Share issued cost	(23,322)	-	(23,322)
Share-based payments	22,472	-	22,472
Retained earnings	157,709	-	157,709
Total equity	256,099	-	256,099
Total liabilities and equity	1,751,446	-	1,751,446

(In thousands of reais, unless otherwise stated)

5. Reclassification for comparability purposes--Continued

5.2 Statement of profit or loss

	December 31, 2016		
	Prior year	**Reclassification**	**Restated**
Net sales	2,199,284	-	2,199,284
Cost of services and redemption of points	(1,447,264)	(13,597)	(1,460,861)
Gross profit	752,020	(13,597)	738,423
Selling expenses	(49,083)	-	(49,083)
General and administrative expense	(140,892)	13,597	(127,295)
Equity pickup	(2,301)	-	(2,301)
Income before net financial income (expenses) and taxes	559,744	-	559,744
Finance income	198,745	-	198,745
Finance cost	(1,880)	-	(1,880)
Finance income/(cost)	196,865	-	196,865
Income before income and social contribution taxes	756,609	-	756,609
Income and social contribution taxes	(242,806)	-	(242,806)
Net income for the year	513,803	-	513,803
Earnings per share - R$			
Basic earnings per share	3.1729	-	3.1729
Diluted earnings per share	3.1689	-	3.1689

(In thousands of reais, unless otherwise stated)

5. Reclassification for comparability purposes--Continued

5.3 Statement of value added

	December 31, 2016		
	Prior year	**Reclassification**	**Restated**
Revenue			
Sales of goods, products and services	2,423,723	-	2,423,723
Allowance for doubtful accounts	1	-	1
	2,423,724	-	2,423,724
Inputs acquired from third parties			
Cost of sales	(1,594,781)	(10,195)	(1,604,976)
Materials, energy, third-party services and other expenses	(84,831)	9,252	(75,579)
	(1,679,612)	(943)	(1,680,555)
Gross value added	744,112	(943)	743,169
Reductions			
Depreciation and amortization	(28,317)	-	(28,317)
Net value added produced	715,795	(943)	714,852
Value added received in transfer			
Equity pickup	(2,301)	-	(2,301)
Finance income	208,458	-	208,458
Total value added to be distributed	921,952	(943)	921,009
Personnel			
Direct remuneration, benefits and FGTS	75,891	-	75,891
Taxes, charges and contributions			
Federal	328,162	(943)	327,219
Debt remuneration			
Interest	1,880	-	1,880
Rentals	2,216	-	2,216
Equity remuneration			
Retained profits for the year	513,803	-	513,803
Value added distributed	921,952	(943)	921,009

(In thousands of reais, unless otherwise stated)

6. Financial investments

	December 31, 2017	December 31, 2016
Open ended investment fund	**195,521**	410,520
Exclusive investment funds (i)	**1,002,980**	1,042,712
Other investments	**123,684**	6,581
	1,322,185	1,459,813

(i) Exclusive fund: Investment fund where investment funds units are intended for qualifying investors and are set up to receive investment from a single unit holder.

Profitability for 2017 was 10.30% (14.47% as of December 31, 2016), comprised of open ended mutual funds and exclusive investment funds

7. Accounts receivable

	December 31, 2017	December 31, 2016
Trade accounts receivable:		
Third parties	**216,280**	151,330
Related parties	**21,429**	26,031
(-) Allowance for doubtful accounts	**-**	(1)
	237,709	177,360

The statement of financial position breakdown by due date is presented as follows:

	December 31, 2017	December 31, 2016
Falling due	**217,563**	170,984
Past due:		
Within 60 days	**19,991**	1,738
From 61 to 90 days	**152**	42
From 91 to 180 days	**3**	4,559
From 181 to 360 days	**-**	37
	237,709	177,360

8. Related parties

Balances and transactions with related parties substantially reflect agreements entered into by and between the Company and LATAM, as summarized below

a) Operating agreement

This establishes the terms and conditions governing the relationship between the Company and LATAM, as regards: (i) continued enjoyment by LATAM customers participating in the program of the benefits of the Program through use of the points granted by it and (ii) redemption of points by members of the program through the Multiplus Network. It also established the conditions for the sale of point redemption rights, the purchase and sale of airfares, the use of the database, management of the LATAM Travel Program and respective remuneration. The Operating Agreement between Multiplus and LATAM approximates market conditions for transactions of this nature.

The Company is highly dependent on LATAM, given that a significant portion of its redemption of points and, consequently, the corresponding revenue recognition is contingent upon completely performing the operating agreement entered into by the two companies. Any decrease in redemptions carried out by loyalty program members stemming from this partnership could adversely affect Multiplus income.

On September 28, 2017, an agreement was executed and announced as a Relevant Fact the expansion of international operations, with unrestricted access to the flights of the airlines that make up the LATAM group, the right to operate exclusively in the regions: Brazil, Paraguay, Mexico, United States and in all European countries. The implementation of the operation is expected to be completed in the first half of 2018 and will maximize growth opportunities in several markets and regions.

b) Shared services agreement

This establishes the terms, conditions and remuneration to be paid by the Company to LATAM for use of administrative services (IT services). As of December 31, 2017, the Company recognized expenses into the P&L the total of R$642 (R$700 as of December 31, 2016) for the use of administrative services.

(In thousands of reais, unless otherwise stated)

8. Related parties--Continued

c) Commitment on advance on the purchase and sale of airfares

On August 9, 2016, upon recommendation of the Audit, Finance and Related Parties Committee, it was approved by the Company's Board of Directors a limit increase for prepayment for the purchase of air tickets from TAM Linhas Aéreas SA, from R$500 million to R$640 million, without any change in the other conditions in force for the operation was approved by the Board of Directors of the Company.

This advance is undertaken at market interest rates and funds can only be used for the purchase of airfares redeemed by members in accordance with conditions set out in the operating agreement.

As of December 31, 2017, there is no prepayment recorded into the financial statements regarding air tickets from LATAM.

8.1. Balances

	LATAM	LATAM Travel	Pontus Corretora	Prismah Fidelidade	Total
December 31, 2017					
Current assets					
Accounts receivable	**18,296**	**1,055**	**652**	**1,426**	**21,429**
	18,296	**1,055**	**652**	**1,426**	**21,429**
Current liabilities					
Accounts payable (i)	**99,318**	**19,644**	**-**	**-**	**118,962**
Deferred sales (ii)	**40,144**	**7,831**	**567**	**1,274**	**49,816**
	139,462	**27,475**	**567**	**1,274**	**168,778**

	LATAM	LATAM Travel	Pontus Corretora	Prismah Fidelidade	Total
December 31, 2016					
Current assets					
Accounts receivable	25,897	134	-	-	26,031
	25,897	134	-	-	26,031
Current liabilities					
Accounts payable (i)	88,552	4,920	-	-	93,472
Deferred sales (ii)	93,380	2,837	-	-	96,217
	181,932	7,757	-	-	189,689

(i) Refers to the purchase of tickets from LATAM and tour packages that Multiplus makes on a monthly basis.
(ii) Balance of deferred revenue arising from the sale of Multiplus points to LATAM and LATAM Travel.

(In thousands of reais, unless otherwise stated)

8. Related parties--Continued

8.2. Transactions

Transactions with related parties that affected P&L are as follows:

	LATAM	LATAM Travel	Pontus Corretora	Prismah Fidelidade	Total
December 31, 2017					
Gross revenue from redemption of points (i)	**156,667**	**2,467**	**534**	**191**	**159,859**
Breakage revenue	**99,304**	**1,331**	**-**	**-**	**100,635**
Cost of point redemption (ii)	**(1,430,472)**	**(13,842)**	**-**	**-**	**(1,444,314)**
General and administrative expenses (iii)	**(642)**	**-**	**-**	**-**	**(642)**

	LATAM	LATAM Travel	Pontus Corretora	Prismah Fidelidade	Total
December 31, 2016					
Gross revenue from redemption of points (i)	148,413	1,032	-	-	149,445
Breakage revenue	150,899	1,182	-	-	152,081
Cost of point redemption (ii)	(1,246,468)	(5,258)	-	-	(1,251,726)
General and administrative expenses (iii)	(175)	-	-	-	(175)
Finance income (iv)	35,640	-	-	-	35,640

(i) Amount refers to the sale of Multiplus points to LATAM and LATAM Travel allocated to P&L for the year.
(ii) Gross amount for the purchase of airfares and LATAM Travel packages as a reward for members In the statement of profit or loss this is presented at cost net amount of PIS and COFINS tax credits.Amount refers to remuneration paid to LATAM for provision of shared services under the shared services agreement.
(iv) Amount refers to discount obtained from LATAM for purchasing tickets through advances and interest incurred on account of those advances.

8.3. Key management personnel compensation

Key management personnel include members of the Board of Directors, the Chief Executive Officer and Statutory Officers. The compensation paid or payable to key management for their services is shown below:

	2017	2016
Fringe benefits		
Board of Directors' fees	**1,081**	1,492
Salaries and profit sharing/bonus	**8,702**	7,903
Defined contribution pension plan	**177**	94
Income and social contribution taxes	**1,588**	1,400
	11,548	10,889
Share based payment	**194**	352
	11,742	11,241

(In thousands of reais, unless otherwise stated)

8. Related parties--Continued

8.3. Key management personnel compensation

No other long-term post-employment benefits were offered to key members of management at December 31, 2017.

9. Deferred and current income and social contribution taxes

The deferred tax measurement which is recognized on temporary differences arising from differences between the tax and accounting bases reflects the tax consequences in accordance with the manner under which the Company expects to recover or settle the carrying amount of its assets or liabilities. The amounts are calculated based on the rates provided in tax legislation in force on the statement of financial position dates.

At December 31, 2017, federal taxes (IRPJ, CSLL, PIS and COFINS) are broken down as follows:

	December 31, 2017	December 31, 2016
Federal taxes recoverable (i)	**89,182**	56,811
Federal taxes payable	**(38,994)**	(48,052)
	50,188	8,759

(i) In the third quarter, the Company obtained an approval from the Tax Authorities related to the refund of income and social contribution taxes. Accordingly, the Company recorded the amount of R$57,884 as federal tax recoverable, comprised by financial interest (Selic) of R$23,720 and principal amount recorded as other income amounting to R$34,164.

Changes in deferred income and social contribution tax assets and liabilities in the year ended December 31, 2017, not taking into consideration the offset of balances within the same taxation jurisdiction are as follows:

(In thousands of reais, unless otherwise stated)

9. Current and deferred income and social contribution taxes--Continued

	December 31, 2016	(Debit) credit to statement of profit or loss	December 31, 2017
Provision for profit sharing (PLR)	4,538	142	**4,680**
Allowance for doubtful accounts (PCLD)	(1)	1	**-**
Breakage revenue provision	(19,236)	213	**(19,023)**
Provision for costs to be incurred	109	1,370	**1,479**
Others	387	27	**414**
Deferred income and social contribution taxes	(14,203)	1,753	**(12,450)**
Expected realization within 12 months	(14,203)		

	December 31, 2016	(Debit) credit to statement of profit or loss	December 31, 2017
Provision for profit sharing (PLR)	4,775	(237)	4,538
Allowance for doubtful accounts (PCLD)	76	(77)	(1)
Breakage revenue provision	-	(19,236)	(19,236)
Provision for costs to be incurred	1,093	(984)	109
Others	387	-	387
Deferred income and social contribution taxes	6,331	(20,534)	(14,203)
Expected realization within 12 months	6,331		

(In thousands of reais, unless otherwise stated)

9. Current and deferred income and social contribution taxes--Continued

	2017	2016
Current taxes	**(228,927)**	(222,272)
Deferred taxes	**1,753**	(20,534)
	(227,174)	(242,806)

Income and social contribution taxes stated in the statement of profit or loss are reconciled to the statutory tax rates, as follows:

	2017	**2016**
Pre-tax income	**744,370**	756,609
Statutory income tax rate - %	**34%**	34%
Income and social contribution taxes at nominal rate	**(253,086)**	(257,247)
Nondeductible (income) expenses:		
Share based payment plan	**(651)**	297
Tax credits on IOE paid	**8,519**	8,717
Tax incentive - cultural projects	**3,135**	3,430
Tax benefit – *Lei do bem*	**1,162**	2,997
Other taxes credit (i)	**12,511**	-
Equity pickup	**1,037**	691
Others	**199**	(1,691)
Income and social contribution tax expenses	**(227,174)**	(242,806)
Current taxes	(228,927)	(222,272)
Deferred taxes	1,753	(20,534)
Effective rate - %	**30.5%**	32.1%

(i) The tax credits included in the effective tax rate computation for the year refer to the recognition of the federal taxes recoverable arising from the request for the refund of income tax and social contribution.

10. Investments

Amounts recorded as investments are represented by transactions carried out in the following companies: Prismah Fidelidade and Pontus Corretora

The company Prismah Fidelity was established in 2012, having terminated its activities in 2014. However, on September 15, 2017, the investee restarted operations and launched the new Marketplace of the Group, "Comprei, Pontuei" [buy and score], whose main purpose is to offer the best experience of accumulation of points, innovation and a practical approach toward purchases of products of the main national and international brands.

(In thousands of reais, unless otherwise stated)

10. Investments--Continued

The investee "Multiplus Corretora de Seguros Ltda." purpose is the development of business relating to insurance brokerage services officially known as Pontus Corretora.

a. Changes in investment

	Prismah	Pontus	Total
December 31, 2016	91	10	101
Capital contribution	1,340	2,236	3,576
Advances for future capital contribution	514	-	514
Equity pickup	(1,099)	(1,950)	(3,049)
December 31, 2017	846	296	1,142

b. Information on investee

Pontus Corretora

Investee figures	December 31, 2017	December 31, 2016
Current assets	1,273	72
Total assets	**1,273**	**72**
Current liabilities	977	62
Total liabilities	**977**	**62**
Equity	**296**	**10**
Net sales	2,682	74
Expenses for the year	(4,632)	(2,375)
Loss for the year	**(1,950)**	**(2,301)**

(In thousands of reais, unless otherwise stated)

10. Investments--Continued

b. Information on investee

Prismah Fidelidade

Investee figures	December 31, 2017
Current assets	2,008
Noncurrent assets	639
Total assets	**2,647**
Current liabilities	1,801
Total liabilities	**1,801**
Equity	**846**
Net sales	1,508
Expenses for the year	(2,609)
Loss for the year	**(1,099)**

c. Relevant financial information for consolidation purposes

The Company decided not to proceed with the consolidation process of its investees, since the revenues and expenses presented by Prismah and Pontus Corretora are immaterial as of December 31, 2017 and 2016.

11. Intangible assets

The assets generated internally can be summarized as software and new products developed by the Company, and the other assets are primarily software licenses purchased by the Company from its suppliers.

Capitalization is made based on cost incurred; amortization is calculated over the estimated useful lives of the assets, which may vary between three and ten years. Expenses with software maintenance are recognized in P&L for the year when incurred.

(In thousands of reais, unless otherwise stated)

11. Intangible assets--Continued

Changes in the carrying amount of intangible assets were as follows as of December 31, 2017 and 2016:

	Generated internally	Other intangible assets	Total
December 31, 2016	38,606	50,449	89,055
Carrying amount	72,969	94,003	166,972
Accumulated amortization	(34,363)	(43,554)	(77,917)
December 31, 2016	38,606	50,449	89,055
Addition	5,432	20,805	26,237
Disposals	(338)	-	(338)
Transfers	(1,987)	1,987	-
Amortization	(14,408)	(6,295)	(20,703)
December 31, 2017	27,305	66,946	94,251
Carrying amount	76,076	116,795	192,871
Accumulated amortization	(48,771)	(49,849)	(98,620)
December 31, 2017	27,305	66,946	94,251

12. Trade accounts payable

	December 31, 2017	December 31, 2016
Accounts payable		
Third parties	**119,730**	80,483
Related parties	**118,962**	93,472
	238,692	173,955

13. Deferred sales

The Company sells redemption rights by issuing points to its partners that are recorded, at the time of billing, as deferred revenue under current liabilities matched against accounts receivable. Accordingly, the Company recognizes an obligation with its members for the purchase of products/services whose members hold the right to redeem.

When a participant decides to exercise its redemption rights, redeeming their accumulated points for goods or services offered by network partners, this obligation terminates and the liability is then written off from revenue recognition. At that time the cost of goods and services acquired from partners and delivered to members is also recorded.

(In thousands of reais, unless otherwise stated)

13. Deferred sales--Continued

The amounts recorded in deferred sales are valued at fair value at the time of billing and are recognized in P&L on redemption of points at the original sale value.

Customer loyalty program deferred sales is recorded based on the number of outstanding points and an estimate of points that shall expire without being used by members. At Multiplus, points expire two years from the issue date.

The balance is comprised as follows:

	December 31, 2017	December 31, 2016
Deferred sales	**1,028,077**	1,112,457
Breakage revenue provision	**151,820**	165,460
	1,179,897	1,277,917

14. Equity

a) Capital

	December 31, 2017	December 31, 2016
Capital (registered and paid in)	107,300	107,300
Total common shares (quantity)	162,246,573	162,246,573
LATAM AirLines	**72.74%**	72.74%
Other	**27.26%**	27.26%
	100.00%	100.00%

b) Cost of share issue

The transaction costs incurred in the public offer held on February 5, 2010, totaled R$ 23,322 net of taxes.

c) Share-based compensation

The cumulative amount recognized in equity relating to the expenditure incurred with the share based compensation plan totaled R$ 22,666 as of December 31, 2017. (R$ 22,472 as of December 31, 2016).

d) Income reserve

The income reserve is comprised of the following reserves: (i) legal reserve in accordance with the percentages provided in Brazilian legislation and (ii) retained profits, in accordance with management's proposal to the General Shareholders' Meeting.

(In thousands of reais, unless otherwise stated)

14. Equity--Continued

e) Payment of dividends and interest on equity (IOE)

	December 31, 2017	December 31, 2016
Net income for the year	**517,196**	513,803
(-) Allocation to the legal reserve-5% (i)	**-**	-
Profits to be distributed	**517,196**	513,803
Mandatory minimum dividends - 25%	**129,299**	128,451
Total distribution	**517,196**	513,803
(-) Dividends paid in advance	**(383,103)**	(358,154)
(-) Interest on equity paid in advance	**(15,555)**	(16,490)
(-) Withholding Income Tax (IRRF) on IOE	**(2,938)**	(2,911)
Retained profit - Proposed additional dividends	**115,600**	136,248
Income reserves to be allocated – additional proposed dividend (ii)	**115,600**	136,248

(i) In 2017 the legal reserve is recorded at the statutory limit of (20% of capital).
(ii) Refers to the income reserves proposed management to the General Shareholders' Meeting for approval of surplus value and the minimum mandatory dividends in accordance with the Company's Bylaws.

In the year ended December 31, 2017, the company conducted the following payment of dividends and interest on equity:

	2017					
Decision	**Payment Date**	**Type**	**Gross Amount**	**Per share**	**Net Amount**	**Per share**
BDM* - 02/23/2017 - Ref. 2016	03/21//2017	Dividends	129,543	0.7990	129,543	0.7990
		IOE	6,557	0.0404	5,411	0.0333
BDM* - 05/02/2017 - Ref. 2017	06/19/2017	Dividends	121,416	0.7489	121,416	0.7489
		IOE	6,433	0.0396	5,306	0.0327
BDM* - 08/03/2017 - Ref. 2017	09/12//2017	Dividends	113,532	0.7002	113,532	0.7002
		IOE	5,977	0.0368	5,080	0.0313
BDM* - 11/07/2017 - Ref. 2017	12/04//2017	Dividends	148,155	0.9137	148,155	0.9137
		IOE	6,083	0.0375	5,169	0.0318
			537,696		533,612	

* BDM: Board of Directors' Meeting

(In thousands of reais, unless otherwise stated)

14. **Equity**--Continued

f) Treasury shares

At December 31, 2017 the Company holds 113,974 (224,300 as of December 31, 2016) treasury shares at a par value of R$ 35.93 each, totaling R$4,096 (R$8,060 as of December 31, 2016).

15. Share-based payment plan

The share-based remuneration plan is measured at the fair value of the equity instruments at the grant date. The expense is recognized in profit and loss for the year during the vesting year, based on estimates of what stock options shall be acquired and matched against equity. The Company has the following share-based payments agreement:

i) Stock option program (payable in equity securities)

At the Special General Meeting (SGM) held on October 4, 2010, Company shareholders approved a maximum dilution of 3% for the number of outstanding shares that could be used by the Board of Directors to grant stock options to employees.

	Number of outstanding shares	**Average exercise price**
December 31, 2016	394,698	42.48
Exercised	(68,525)	32.58
Not acquired due to dismissal	(10,148)	49.28
December 31, 2017	**316,025**	**44.12**

The stock options are valued by the Black-Scholes pricing model. Variations in the stock options, together with the variables used for valuation of stock options granted are as follows. The exercise price is adjusted by the General Market Price Index (IGP-M), from the date of grant of the options to the date the options are exercised.

(In thousands of reais, unless otherwise stated)

15. Share-based payment plan--Continued

i) Stock option program (payable in equity securities)--Continued

At December 31, 2017, the assumptions used for fair value calculation of the stock options granted were as follows:

	3rd Grant	4th Grant	4th Special Grant	Total
Grant date	4/16/2012	4/3/2013	11/20/2013	
Date of last modification	N/A	N/A	N/A	
Number of shares	378,517	566,491	205,575	1,150,583
Exercise price on grant date after modification	31.41	38.59	26.50	
Risk free interest rate - %	10.30	7.16	8.99	
Expected earnings from dividend - %	4.17	4.49	4.96	
Volatility of shares in market - %	32.78	34.56	34.59	
Price on stock market on grant date - R$	38.36	30.60	28.00	
Price on stock market on date of last modification – R$	N/A	N/A	N/A	
Fair value on grant date – R$	14.68	6.53	7.80	
Fair value on modification date – R$	N/A	N/A	N/A	
Average adjusted exercise price – 12/31/2017	43.52	49.28	32.58	
Number of outstanding shares – 12/31/2017	84,249	163,251	68,525	316,025
Value of outstanding stock options – 12/31/2017 - R$	3,666,609	8,044,878	2,232,239	13,943,726

Projected volatility is based on historical volatility of the Company's shares traded on the stock exchange. The average remaining contractual life is based on a projection of stock options exercised.

ii) Restricted stock plan (payable in equity securities

On March 8, 2016, the Board of Directors decided to approve the granting of a total of 138,282 restricted shares to Company executives.

These shares will be purchased by the Company from the market and delivered to executives on settlement. Accordingly, the Company is recognizing the expense equivalent to the plan matched against the income reserve in equity, which will be used for future acquisitions of these shares. The expense is calculated by determining the present value of the exercise price multiplied by the number of shares, allocated over the term of the plan.

(In thousands of reais, unless otherwise stated)

15. Share-based payment plan--Continued

ii) Restricted stock plan (payable in equity securities--Continued

The beneficiaries' rights with respect to restricted shares shall only be fully acquired if the following conditions are cumulatively identified:

(a) Achievement of the performance target set by the Board of Directors such as the return on invested capital.

(b) The beneficiary must remain continuously employed as a Company manager or employee for the year from the grant date and the dates described below, for acquisition of the following fractions: (i) 1/3 (one third) two years after the grant date; (ii) 1/3 (one third) three years after the grant date; and (iii) 1/3 (one third) four years after the grant date.

Changes in restricted shares at December 31, 2017 are as follows:

	Number of shares
December 31, 2016	237,856
Granted	129,218
Exercised	(41,801)
Not acquired due to dismissal	(15,563)
December 31, 2017	**309,710**

(In thousands of reais, unless otherwise stated)

16. Net sales

The sale of redemption rights through the issue of business partner points is recorded as deferred sales representing the obligation that the Company has with its members. To the extent that the points issued are redeemed by members and the cost for this transaction becomes known, billing is recognized in the statement of profit or loss as gross revenue.

Accordingly, gross revenue in the statement of profit or loss is comprised of the value of the points redeemed by members and by the estimated value of the points that, possibly, shall not be redeemed in accordance with the Company's (breakage) estimates.

	2017	Perc. (%)	2016	Perc. (%)	Var. (%)
Sales					
From redemption of points	**2,138,419**	**83.9**	2,049,251	84.5	4.3
Breakage	**411,432**	**16.1**	374,473	15.5	9.9
Gross sales	**2,549,851**	**100.0**	2,423,724	100.0	5.2
Taxes and other deductions	**(240,083)**		(224,440)		
Net sales	**2,309,768**		2,199,284		5.2

16.1 Change in estimates for recognition of revenue from breakage revenue provision

The Company calculates the breakage revenue provision considering the individual behavior of each batch of points accumulation per segment, performing an estimate calculation for points that are likely to expire through linear regression equations that take into account redemption behavior and maturity of point accumulation batches already occurred whose behavior is similar to that observable in current batches.

Additionally, the methodology considers the redemptions made over the months in which each batch exists in order to refine the future breakage rate projection and, increasingly, what in fact the number of expired points shall be.

So that the methodology, as well as being more assertive, is also more precise, we consider a confidence margin for regressions, record the breakage revenue provision estimate and consider results taking the confidence margin into account. Accordingly, this difference remains in the breakage revenue provision and is adjusted in accordance with a batch's similarity with the previous month converging over the months to total actual breakage.

(In thousands of reais, unless otherwise stated)

17. Operating costs and expenses by nature

	Cost of services and redemption of points	Selling expenses	General and administrative expenses	Total	Percentage
Employee costs	**-**	**(15,979)**	**(61,370)**	**(77,349)**	**4.3**
Board of Directors' fees	**-**	**-**	**(1,081)**	**(1,081)**	**0.1**
Cost of redemption of points(i)	**(1,541,301)**	**-**	**-**	**(1,541,301)**	**87.7**
IT expenses	**(16,627)**	**-**	**-**	**(16,627)**	**0.9**
Depreciation and amortization	**(4,555)**	**(98)**	**(23,066)**	**(27,719)**	**1.6**
Third-party services	**-**	**(6,681)**	**(43,811)**	**(50,492)**	**2.9**
Selling and marketing	**-**	**(16,865)**	**(4,474)**	**(21,339)**	**1.2**
Other	**-**	**(1,570)**	**(20,728)**	**(22,298)**	**1.4**
December 31, 2017	**(1,562,483)**	**(41,193)**	**(154,530)**	**(1,758,206)**	**100.0**

	Cost of services and redemption of points	Selling expenses	General and administrative expenses	Total	Percentage (Restated)
Employee costs	-	(22,030)	(50,903)	(72,933)	4.5
Board of Directors' fees	-	-	(2,123)	(2,123)	0.1
Cost of redemption of points (i)	(1,445,817)	-	-	(1,445,817)	88.3
IT expenses	(10,699)	-	-	(10,699)	0.7
Depreciation and amortization	(4,345)	(2,833)	(17,975)	(25,153)	1.5
Third-party services	-	(10,172)	(42,395)	(52,567)	3.2
Selling and marketing	-	(9,729)	(4,686)	(14,415)	0.9
Other	-	(4,319)	(9,213)	(13,532)	0.8
December 31, 2016	(1,460,861)	(49,083)	(127,295)	(1,637,239)	100.0

(i) Net of PIS and COFINS tax credits

18. Employee Benefits

Employee costs consisted of:

	2017	2016
Salaries and bonuses	**(61,105)**	(54,962)
Share-based compensation	**(1,915)**	(1,032)
Defined contribution pension plan	**661**	(1,491)
Taxes and social contributions	**(14,990)**	(15,448)
	(77,349)	(72,933)

19. Finance income (costs)

	2017	2016
Revenue/ gains		
Interest income on financial investments	**142,493**	168,699
Discount on advance to acquire tickets	**-**	35,640
Taxes on finance income	**(7,920)**	(9,713)
Other	**27,140**	4,119
	161,713	198,745
Expenses/ losses		
Interest obligations	**(20)**	(184)
Bank charges	**(14)**	(8)
Other	**-**	(1,688)
	(34)	(1,880)
Finance income/(cost)	**161,679**	196,865

20. Earnings per share

a) Basic earnings per share

	2017	2016
Net income attributable to the Company's shareholders	**517,196**	513,803
Weighted average number of common shares issued (in thousands)	**162,124**	162,004
Net earnings per share (in R$ per share) - Basic	**3.1901**	3.1729

b) Diluted earnings per share

	2017	2016
Net income attributable to the Company's shareholders	**517,196**	513,803
Weighted average number of common shares issued (in thousands)	**162,124**	162,004
Adjustment for stock options (in thousands)	**69**	137
Net earnings per share (in R$/ share) - Diluted	**3.1888**	3.1689

21. Future commitments

The Company has obligations stemming from the contracting of suppliers for the development of IT projects, maintenance of equipment and its network environment as well as the lease of the building where the Company's headquarters is located. These amounts are not reflected in the statement of financial position and are payable as follows:

	2017
2018	**49,781**
2019	**14,089**
2020	**7,319**
2021	**7,546**
2022	**7,911**
	86,646

22. Contingencies

The Company is party to civil proceedings where the likelihood of loss is assessed by its legal counsel as either probable or possible. The amounts are stated below:

	2017		2016	
	Amounts in thousands of reais	Quantity	Amounts in thousands of reais	Quantity
Probable	**1,219**	**124**	1,115	81
Possible	**21,106**	**239**	13,759	254

A roll-forward of the contingency amounts for the years ended December 31, 2017 and 2016 is presented below:

	December 31, 2016	Additions	Reversals	Other	December 31, 2017
Civil	**1,134**	**400**	**(288)**	**(27)**	**1,219**
	1,134	**400**	**(288)**	**(27)**	**1,219**

	December 31, 2015	Additions	Reversals	Other	December 31, 2016
Civil	1,134	273	(102)	(171)	1,134
	1,134	273	(102)	(171)	1,134

23. Insurance coverage

The Company has the following insurance policies:

- Civil liability insurance for members of the board, officers and/or managers. This insurance guarantees payment for the financial losses arising from claims made against the insured parties by virtue of acts harmful to the Company for which they are liable, with a maximum indemnity of R$100,000.

- Operating risk insurance for assets, regarding to buildings and facilities covering material damage, theft and/or robbery of goods, with maximum indemnity of R$15,625.

- Operating risk insurance for assets, regarding to equipment damage, covering material damage, theft and/or robbery of goods, with maximum indemnity of R$3,438.

24. Subsequent events

On March 07, 2018, a proposal submitted by the Executive Board was approved, whose publication was waived, for payment of dividends amounting to R$109,207,988.95, corresponding to R$0.67357081517 per share and interest on equity amounting to R$6,390,083.24, corresponding to R$0.03941262557 per share, or R$5,429,757.63, net of withholding income tax, corresponding to R$0.03348954879 per share in accordance with the minutes and notice to shareholders.